

Kennecott Utah Copper Corporation  
P.O. Box 6001  
Magna, Utah 84044-6001  
(801) 569-6000

(801) 569-6356 (Phone)  
(801) 569-7192 (Fax)

Rohan McGowan-Jackson  
Manager, Health, Safety & Environment  
and Sustainable Development



April 10, 2007

Ms. Susan White, Mining Program Coordinator  
Minerals Reclamation Program  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801

RE: March 1, 2007 Bulk Flotation Upgrades, Kennecott Utah Copper Corporation,  
Copperton Concentrator, M/035/011, Task #1682, Salt Lake City, Utah

Dear Ms. White,

In a letter dated January 26, 2007, KUC provided DOGM with an amendment to permit M/035/011 for the Copperton Concentrator Bulk Flotation Project. KUC received a letter from the Division dated March 1, 2007 requesting the demolition cost estimate for the buildings and removal of components associated with the Bulk flotation project. The cost estimate has been escalated to the next five year surety review period (2008).

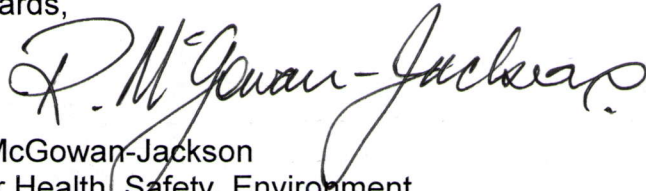
In this regard, please find attached a copy of the demolition cost estimate for this project (Attachment 1). The cost estimate can be placed within the current approved 1991 reclamation plan for the Copperton Concentrator as Table 17. Attachment 2 contains a completed Form MR-REV. Once the project has been completed, KUC will provide the Division with an updated map of the current Copperton Concentrator site showing the Bulk flotation facilities to replace the existing site map (271-SKC-115 Rev.B) in the 1991 reclamation plan.

The current surety for the Copperton Concentrator (4<sup>th</sup> Line Expansion, M/035/011) is \$10,294,700. This is comprised of a \$1,574,100 letter of credit and \$8,720,600 rider issued by St. Paul Fire & Marine (bond #400JZ4230). The current surety will be increased by \$460,000 in accordance with the demolition cost estimate for Bulk Flotation facilities and copy of the surety rider bond will be submitted to the Division.

RECEIVED  
APR 12 2007  
DIV. OF OIL, GAS & MINING

KUC thanks the Division for their assistance with this matter. Please contact me at 569-6000 or Vicky Peacey (569-7118) if you have any questions or concerns.

Kind regards,

A handwritten signature in black ink, reading "R. McGowan-Jackson". The signature is fluid and cursive, with a large, stylized initial "R" and a long, sweeping underline.

Rohan McGowan-Jackson  
Manager Health, Safety, Environment  
and Sustainable Development  
Kennecott Utah Copper

cc: Vicky Peacey

# **ATTACHMENT 1**

**Table 17 – Cost Estimate for Demolition of facilities Associated  
with the Bulk Flotation Process Upgrade**

**KENNECOTT UTAH COPPER CORPORATION  
COPPERTON CONCENTRATOR FOURTH MILL LINE EXPANSION**

**SUBMITTED TO  
THE UTAH DIVISION OF OIL, GAS AND MINING  
MARCH 2007**



Table 17. Cost Estimate for Demolition of Facilities Associated with the Bulk Flotation Process Upgrade.

Inside existing buildings	Length/ea	Width/dia	Height	Square Feet	Cubic Feet	Steel Conversion	Pounds of Steel	Tons of Steel	Cubic yards Hard
Mechanical Scavenger Flotation Blower (inside existing flotation building)	12.0	5.0	6.0	60.0	360.0	40.0	2400.0	1.2	4.4
8 column flotation cells (inside existing flotation building)	8.0	14.0	32.0	1232.0	39424.0	80.0	98560.0	49.3	193.9
<b>Outside</b>									
New rougher concentrate regrind mill building	62.0	45.0	88.0	2790.0	245520.0	75.0	209250.0	104.6	516.7
Mechanical scavenger building	161.0	50.0	72.0	8050.0	579600.0	75.0	603750.0	301.9	1113.6
New MCC building	68.0	31.0	20.0	2108.0	42160.0	50.0	105400.0	52.7	117.1
New compressor	40.0	21.5	20.0	860.0	17200.0	25.0	21500.0	10.8	39.8
New Reco tank	36.0	22.0	3.0	792.0	2376.0	20.0	15840.0	7.9	66.0

Inside existing buildings	Cost per Square	Square Feet	Sub-Total	Cost Per Cubic	Cubic Yard	Sub-Total	Total Cost
Mechanical Scavenger Flotation Blower (inside existing flotation building)	\$ 4.65	60.0	\$ 279.00	\$ 92.70	4.4	\$ 412.00	\$ 691.00
8 column flotation cells (inside existing flotation building)	\$ 4.65	1232.0	\$ 5,728.80	\$ 92.70	193.9	\$ 17,976.93	\$ 23,705.73
<b>Outside</b>							
New rougher concentrate regrind mill building	\$ 4.65	2790.0	\$ 12,973.50	\$ 92.70	516.7	\$ 47,895.00	\$ 60,868.50
Mechanical scavenger building	\$ 4.65	8050.0	\$ 37,432.50	\$ 92.70	1113.6	\$ 103,229.18	\$ 140,661.68
New MCC building	\$ 4.65	2108.0	\$ 9,802.20	\$ 92.70	117.1	\$ 10,856.20	\$ 20,658.40
New compressor	\$ 4.65	860.0	\$ 3,999.00	\$ 92.70	39.8	\$ 3,690.83	\$ 7,689.83
New Reco tank	\$ 4.65	792.0	\$ 3,682.80	\$ 92.70	66.0	\$ 6,118.20	\$ 9,801.00
		<b>unit</b>	<b>unit cost</b>				
Mobilization <sup>1</sup>	1.0	lump	5,000			\$ 5,000.00	\$ 5,000.00
Utility Disconnects <sup>1</sup>	1.0	lump	2,500			\$ 2,500.00	\$ 2,500.00
Environmental Cleaning	236250.0	gallon	\$ 0.75			\$ 177,187.50	\$ 177,187.50
Reclamation <sup>1</sup>	18000.0	sq ft	\$ 0.15			\$ 2,700.00	\$ 2,700.00
<b>Total<sup>2</sup></b>							<b>\$ 451,463.64</b>
<b>Escalated to 2008<sup>3</sup></b>							<b>\$ 460,041.45</b>

Permit #  
Concentrator

NOTES

1. Cost defaulted to 5% or specific area/volume of Copperton item estimate (OSC 12/2005). This should be backed out to avoid double estimate for facility.
2. Total in 2007 dollars. Does not include credit for salvage value
3. Demolition cost estimate escalated to the next 5-year surety review year (2008). The price inflation of 1.9% is calculated from a mixture of consumer prices and GDP deflators, which are believed to be most representative of underlying price changes within the US economy.

## **ATTACHMENT 2**

**Application for Mineral Mine Plan Revision or Amendment;  
Copperton Concentrator Bulk Flotation Project**

**KENNECOTT UTAH COPPER CORPORATION  
COPPERTON CONCENTRATOR FOURTH MILL LINE EXPANSION**

**SUBMITTED TO  
THE UTAH DIVISION OF OIL, GAS AND MINING  
MARCH 2007**



## Application for Mineral Mine Plan Revision or Amendment

<b>Operator:</b> KENNECOTT UTAH COPPER			
<b>Mine Name:</b> COPPERTON CONCENTRATOR			<b>File Number:</b> M/ 035 / 011
Provide a detailed listing of all changes to the mining and reclamation plan that will be required as a result of this change. Individually list all maps and drawings that are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise or amend the existing Mining and Reclamation Plan. <b>Include page, section and drawing numbers as part of the description.</b>			
DETAILED SCHEDULE OF CHANGES TO THE MINING AND RECLAMATION PLAN			
			DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED
<input checked="" type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	TABLE 17 (ATTACHMENT I) TO 1991 COPPERTON
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	CONCENTRATOR FOURTH MILL LINE EXPANSION
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	RECLAMATION PLAN.
<input type="checkbox"/> ADD	<input type="checkbox"/> REPLACE	<input type="checkbox"/> REMOVE	
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**I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments and obligations, herein.**

Print Name \_\_\_\_\_

Sign Name, Position \_\_\_\_\_

Date \_\_\_\_\_

**Return to:**

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Phone: (801) 538-5291 Fax: (801) 359-3940

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<b>FOR DOGM USE ONLY:</b>
File #: M/ _____ / _____
Approved: _____
Bond Adjustment: from (\$) _____
to \$ _____